

**MINUTES  
GAMING ADVISORY COUNCIL**

*May 13, 2005  
Gambling Control Division  
Helena, Montana*

Please note: This is a summary of the Council meeting. The meeting in its entirety is on tape at the Gambling Control Division office at 2550 Prospect Avenue, Helena, Montana. Exhibits are on file in the office of the Gambling Control Division.

**COUNCIL MEMBERS PRESENT**

Sen. Joe Tropila  
Bill Thomas  
Pam Kennedy  
Nick Murnion  
Steve Morris

John Tooke, Vice-Chairman  
Kevin Howlett  
Rep. John Witt  
Tim Carson

**DIVISION STAFF PRESENT**

Gene Huntington  
Jessica Adams  
Kathy Baertsch

Ben Kamerzel  
Cregg Coughlin  
Kathy Fisher

**SUMMARY OF COUNCIL ACTION**

- ◆ The Council elected Rep. John Witt Chairman, and John Tooke Vice-Chairman.
- ♠ The Council requested that the Division submit an issue paper related to poker limits, tournaments and licensing.
- ♣ The Council requested that the Division generate an issue paper on live keno for the next meeting.
- ♥ A sub-committee was appointed to work with the department on the proposed bonus games rules.
- ◆ The Council tentatively set the next meeting in Helena on September 23, 2005.

**CALL TO ORDER AND ROLL CALL**

Vice-Chairman Tooke called the meeting to order at 9:00 a.m. All members were present. Attorney General Mike McGrath thanked the Council for their hard work and stated that the legislative proposals that were made by the Council were well received.

The Council unanimously elected Rep. Witt, Chairman, and John Tooke, Vice-Chairman. The minutes from the October 22, 2004 meeting were adopted unanimously. Gene Huntington reviewed Mont. Code Ann. § 2-15-2021, the statute that authorizes the Gaming Advisory Council and emphasized that the Council is charged with studying all aspects of gaming. Mr. Huntington stated that all legislation that was proposed, with the exception of the tribal gaming legislation, passed as introduced.

### **GEORGE PARISOT, MONTANA LOTTERY**

George Parisot, Director, Montana Lottery, explained that the Council is welcome to visit and tour the Lottery facilities at any time. Mr. Parisot urged the Council to contact him if they have any questions about the Lottery. Mr. Parisot stated that his idea is to make the Lottery more fun and exciting for the players, to improve the prize mix and availability. Mr. Carson asked if the Lottery had plans to participate in the Montana Council on Problem Gambling, which is funded by the industry. Mr. Parisot replied that the Lottery would be interested in contributing its fair share.

### **ADMINISTRATOR'S REPORT**

Gene Huntington explained that four bills were recommended by the GAC. HB 89, sponsored by Chairman Witt, to revise the requirements of the automated accounting and reporting system, all the changes in law needed to make the move to the e-business model. The bill passed and the funding related to it was put together from the gambling special revenue and liquor fund; there is \$1.5 million to initiate building of the new data base and providing for internet web-entry services. Mr. Huntington explained that the Division plans to retain someone to coordinate the planning and implementation of the system as soon as possible.

Mr. Huntington stated that HB 132, sponsored by Rep. Bixby, was a bill that took more time and effort of the Council last year than any other bill. This bill to provide a process for the Governor to submit compacts to the Legislature, ran into trouble from the beginning and died.

Mr. Huntington stated that SB 84, the bill to generally revise the gambling laws, passed. The definition of internet gambling, SB 103, was an early bill heard and it ran into problems in the beginning, that it would invade personal privacy but, this bill passed. HB 802 eliminated the annual permit surcharge fee for video gambling machines.

Mr. Huntington explained that House Bill 2 includes money for 2 additional investigators to cover the increased workload the Division will have enforcing the tobacco tax. The workload of checking for tax evasion will be spread among all of the investigators.

Mr. Huntington said that the number of video gambling machines being permitted, may end the year up a little higher than last year. There has been a substantial increase in the

number of card tables and dealers due to the hold'em craze. Third quarter tax collections set another new record, almost \$13.4 million.

## **FUTURE ISSUES AND TOPICS**

### **Audit/Penalty**

Mr. Huntington explained that audit/penalty issues were raised by industry representatives in 2004. Mr. Morris stated that he would like to see a continuation of the sub-committee work on the audit/penalty issues. Mr. Huntington stated that some problems are across the board.

### **Poker Limits, Tournaments, Licensing**

Mr. Huntington stated that our law appears to have been enacted to prevent people from using tournaments as a way to get around pot limits, and there are some restrictions in the law that could be redesigned to accommodate tournaments. There have been a lot of requests for charity poker tournaments. The biggest problem the Division has is with the licensing of card dealers. When a dealer gets his or her picture taken for a dealer's license they tear off a part of that application, which is a temporary license until the application is approved. He explained that many people take the temporary dealer license and never complete the application process. Mr. Tooke stated that tournaments can get into phenomenal amounts of money with the current \$300/hand pot limits due to the number of hands played. Mr. Howlett requested that the Division prepare an issue paper that relates to different organizations, pot limits, and all of the other issues related to this. Mr. Huntington stated that the Division will describe these issues and potential options to deal with them.

### **E-business Plans**

Mr. Huntington stated that this topic will be scheduled for future meetings. The Division will look at developing a plan to update the Division's database and to provide for tax collection and permits online; there is a formidable process with gates to get through at the state level in terms of what systems can be used, etc. The idea is to get this going as soon as possible and he hopes that in the fall the Division can submit a plan to the Council.

### **Credit gambling**

Mr. Huntington stated that the concern is that the credit gambling statute prohibits credit gambling, but the law says that a person can write a check or use a credit card to obtain cash for gambling. What is happening now, is that substantial amounts of cash are being advanced in some casinos during the day. In some cases, the credit card company doesn't honor the cash request and then the person ends up with a debt to the operator, which is what the statute is trying to prevent. Mr. Huntington said that if the law said debit card,

this problem would not exist; people couldn't spend money beyond what they have in the bank with a debit card. This is a policy concern and the Division will be looking at changing something in the law or rules in the future. Mr. Tooke stated that as an operator he takes great pains not to allow people to charge extra money on their credit cards for gambling, because he does not want a credit card company to charge a debit back against his bank account because they do not honor the charges. Mr. Huntington stated that in terms of public policy, the first thing the statute says is that the Division is to protect the public against unscrupulous operators and practices.

### **PUBLIC TESTIMONY**

Rich Miller, Gaming Industry Association, distributed a position paper regarding the statute of limitations. Credit gambling is a very sensitive issue and Mr. Miller hopes that all industry representatives will be involved in any decisions in this matter.

Mr. Huntington stated that the statute of limitations issue has been brought up before because there have arguably two different statutes of limitations and people felt the law was ambiguous. The Division proposed putting a change in the general revision bill. Due to objections, this was removed from the general revision bill.

Marc Wass, Little Nevada Casino, Billings, asked the Council to place on its future agenda review of the live keno rules and regulations since they have been basically unchanged since 1989. Tim Carson requested that the Division generate an issue paper on live keno for the next regular meeting.

Chairman Witt excused himself from the Audit sub-committee and appointed John Tooke in his place with Nick Murnion and Steve Morris.

Mark Ehli, Big B Bingo, would like the Council to address the definition of a bingo card and the maximum payouts. Mr. Carson commented that the survey that was previously submitted showed an equal number of respondents were for and against increasing the payouts so it was left status quo.

### **ISSUES OF INTEREST**

Mr. Howlett stated that problem gambling and social problems are the issues that concern him most.

Pam Kennedy stated that the Council spent a lot of time on the Indian Gaming issue and that it will be an issue in the future. She was pleased that the Lottery is interested in working on the issues involving problem gaming. She also believes that credit card gambling needs to be addressed.

Nick Murnion stated that he wanted the poker tournament rules clarified.

Bill Thomas suggested that the Chairman appoint a subcommittee to analyze the ramifications of the out of state license ownership issue ruling.

John Tooke shares Mr. Howlett's concerns about the failure of the bill for the governor's authority to negotiate compacts and believes that this issue needs to be addressed in the future. Mr. Tooke agreed that the Council needs to do everything it can to mitigate problems like credit card gambling.

Lon Huckert, IGT, demonstrated Class II video gambling machines during lunch.

### **PROPOSED RULES**

Mr. Huntington explained the amendments to ARM 23.16.1823, relating to the 150 foot stacking rule. There was no discussion on this issue.

Mr. Huntington stated that the Division is trying to get the rules implementing changes made by the 2005 Legislature in place by July 1, 2005; these changes are related to Senate Bill 84. Mr. Huntington explained that for people who want to formally have their views known and testify, the public hearing will be on June 16, 2005. Most of the rules changes deal with the bonus game part of the rules. Mr. Carson asked what 2 games were un-approvable. Mr. Huntington stated that the games are un-approvable due to the order the games appear in. Mr. Kamerzel stated that software changes can be submitted to make the games compliant. Blaine Bowman, Spielo, stated that within 36 months his company will have released at least one, if not two, new software sets for the machine in question and the game will either be made compliant or will be removed completely. Mr. Murnion asked the cost of the software upgrade and Mr. Bowman explained that it can range from \$600-\$800 per machine but that it includes new games and changes to games. Mr. Kamerzel stated that it is possible to disable the affected games without changing any software.

Mr. Carson moved that a sub-committee be designated to work with the department and industry representatives to work on the proposed rules. The motion passed unanimously and Chairman Witt appointed Mr. Murnion, Pam Kennedy and Tim Carson to the sub-committee.

### **FINAL BUSINESS**

The meeting adjourned at 2:05 p.m. The next meeting will tentatively be held September 23, 2005, in Helena.